

Conclusions of the 23th meeting of the European Electricity Regulatory Forum, Florence 20 and 21 November 2012

1. Energy Infrastructure Package and infrastructure financing

The Forum took note of the good progress made towards the adoption of the regulation on infrastructure guidelines, allowing for the final adoption of the projects of common interest by mid 2013. It invites all parties concerned to participate actively in the regional groups in order to establish the first list of PCIs.

The Forum thanked ENTSO-E for its presentation on the e-Highway 2050 project and acknowledged that the project has the potential to contribute to the reliable delivery of renewable electricity and pan-European market integration. The Forum invites ENTSO-E to continue reporting on progress made as regards the implementation of the project.

The Forum emphasised the importance of the TYNDP process to get a broader and consistent picture and to provide a robust basis for the selection of Projects of Common Interest (PCIs), based on a quantified cost-benefit analysis.

2. Electricity Regional Initiatives

The Forum welcomed the work in the different regions to implement day-ahead market coupling and thanks ACER for the effective coordination of the Electricity Regional Initiatives. The Forum expressed concerns on the delay emerging in the NWE project and urged all parties to proceed speedily, including the SWE region as soon as possible.

As concerns intraday, the Forum welcomes the new initiative by EUROPEX and power exchanges to organise a tender procedure for the necessary IT systems. The Forum expressed concerns on the practical deadlock occurring in this process and called for a robust and timely dispute-resolution procedure to be put in place with the involvement of ACER. The Forum reaffirmed the urgency of having the IT system for the interim solution in place by Q1 2013 and the interim solution itself as soon as possible afterwards.

The Commission explained that it is prepared to hand the project over to ENTSO-E should the deadlock situation not be resolved in due course. ENTSO-E declared it could accept taking over the project in this case.

The Commission informed the Forum of the ongoing competition investigation regarding a possible market sharing agreement between some power exchanges. It stressed that there are no concerns with respect to cooperation between power exchanges in the framework of the regional initiatives and that the Commission's investigation should by no means justify a delay of the cooperation process.

The Forum welcomed the work of ENTSO-E to finalise in time the Network Code on capacity allocation and congestion management (“CACM”). The Forum notes in particular that it is important to develop appropriate capacity calculation methods to implement the target model on time. It agreed that since the current code does not provide for detailed rules on the capacity calculation method, such detailed rules need to be developed as soon as possible. The Forum notes the concerns raised by EFET, EUROPEX and Eurelectric and stressed that any modification should not lead to unnecessary delays.

The Forum welcomed the intention of the Commission to merge the CACM Network Code and the Governance Guideline into a single legal act, but asked the Commission to be more explicit as concerns the future process of the development of the Governance Guideline and possible implications on the CACM code. The Forum emphasised the importance of having the combined CACM/Governance Guideline adopted as soon as possible. The European Commission intends to report on progress at the next Florence Forum (2013).

The Forum supported the conclusions of the 2nd High-level Regional Conference on Loop-flows and urged stakeholders to identify appropriate short, medium and long-term solutions to address the problems in the affected region. It welcomed in particular the envisaged agreements between the German and the Polish TSOs and the German and Czech TSOs. Short-term solutions for problems caused by loop-flows are without prejudice to the necessary work on long-term solutions which need to be developed in parallel. It emphasised the importance of ongoing projects such as the Task Force on cross-border re-dispatch or the various studies on bidding-zone definition. Regarding re-dispatching, the Forum invites the Task Force to further investigate the relationship between internal and cross-border re-dispatching. The Forum took note of the terms of reference of the ENTSO-E study.

3. Internal market: single market by 2014

The Forum supported the call to action in the Internal Energy Market Communication and recalls the role of all stakeholders in ensuring the successful completion of the Internal Energy Market.

The Forum welcomed the Commission consultation on generation adequacy, capacity mechanisms and the internal market in electricity, and calls for a high-level of engagement from MS and regulators and all stakeholders in this process.

The Forum emphasised the key role of the Network Codes for the realisation of the Internal Energy Market. It stresses the need for joint efforts of all concerned parties to overcome the difficulties in the process of Network Code development. The Forum welcomed the involvement of stakeholders already in an early phase of the Network Code development process. It calls for consistency between all Network Codes, including in the supporting documents. The Commission, ACER and ENTSO-E will assess the lessons learnt and report at the next Florence Forum (2013).

The Forum recalled the importance of developing a Network Code on grid connection requirements for generators to the completion of the internal market. The forum welcomes ENTSO-E's initiation of the process of addressing ACERs concerns

outlined in its Reasoned Opinion through the stakeholder meetings on 22 November. The Commission calls on all involved parties to address the issues raised in the Reasoned Opinion in a focused and result-oriented manner to allow to submit a revised Network Code Network Code early next year.

The Forum welcomed the update from ENTSO-E on the development of the draft demand connection code, and urged continued engagement with concerned parties, including consumer organisations as expressed by the London Forum, before its finalisation.

The Forum stressed the importance of the balancing, system operation and forward market codes and invited ENTSO-E to continue involving the stakeholders closely in the process. The Forum invites ENTSO-E to present an ambitious pilot project on balancing at the next Florence Forum (2013).

The Forum welcomed the Commission's efforts to prepare the comitology process with explanatory sessions. Member States asked the Commission, ACER and ENTSO-E to clarify impact of the codes, in particular the costs and benefits, and resolve the technical issues as far as possible before the formal comitology meetings.

4. Market integrity framework and transparency

The Forum recognised that ensuring transparency and integrity of wholesale energy markets is an integral part of the 2014 target. Therefore, the Forum welcomes the public consultation launched by the Commission on developing implementing acts to establish a data and transaction reporting framework for wholesale energy markets and ACER's Recommendations on the records of transactions.

The Forum emphasised the importance of ensuring full implementation of REMIT at EU and MS levels as soon as possible and by end of 2014 at the latest, in order to effectively address concerns about market abuse.

The Forum welcomed the Commission's proposal for a Transparency Regulation and supported the swift adoption of the rules including preparations for the timely set-up of the corresponding pan-European transparency platform by ENTSO-E. The Forum welcomes the intention of the Commission to now move quickly to discussion and hopefully agreement in the cross border committee on the draft Transparency Regulation.

The Forum supported the steps being taken by ENTSO-E to enable a speedy implementation of the transparency platform which the above-mentioned draft regulation provides for.

The Forum stressed again the importance that the revision of the financial market Regulation avoids negative impacts on energy markets.

5. AOB

The Forum was updated by ENTSO-E on the winter outlook for 2012-2013 and stressed the importance of coordinated measures when dealing with critical grid situations.